

Alan Gullan, CA(SA)

The Annexe, Hardwicke House, Ham Common, Richmond TW10 7JG, UK
Office: +44 20 7993 4403 Mobile: +44 7760 197323 Email: alan@gullan.com
LinkedIn profile www.linkedin.com/in/alan-gullan-876a93/

PROFILE

Alan is an accomplished board member with 29 years' experience as an Independent Restructuring Professional.

Throughout his career he has consistently achieved material, measurable results in challenging circumstances, working with stakeholders, boards and management teams through periods of stress and challenge as a CEO, CFO, independent director, NED and/or board adviser.

Alan has a consensual and collaborative style – including hands-on leadership when required – and well-developed commercial perspectives. He has considerable expertise in governance and transaction & stakeholder management, as well as in the operational issues that impact on restructurings, including forecasting and liquidity management.

He has very broad sector experiences and is an expert in multiple sectors, most notably retail, PFI / public infrastructure, law firms, natural resources, logistics, healthcare / pharma, IT, travel, financial services and manufacturing.

In the past 15 years, Alan has worked on large and complex restructurings, public and private, in the UK and internationally, involving a variety of transaction types.

Alan is a founder member of the London Restructuring Network and has published a guide to managing financial crises and restructurings <https://amzn.to/2LRdHPv>

KEY ROLES (2008 - PRESENT)

2018 - 2022: Birmingham Highways Ltd ('BHL')

BHL is a Special Purpose Vehicle that, structurally, sits in the middle of Europe's biggest highways contract: a 25-year £2.7 billion PFI (UK government-funded) contract with the Birmingham City Council to invest in, manage and maintain the city's roads and other highways infrastructure. Following a high profile and costly legal dispute involving the council and BHL's erstwhile sub-contractor, Amey, a £300m consensual transaction was completed in June 2019, involving the exit of Amey and a further period to procure a replacement contractor. Subsequently, the company's debt was substantially paid down and the subcontract re-procured with the support of Birmingham City Council and the DfT.

Independent director

As a response to increasing concerns about governance and the management of conflicts within BHL, senior lenders to the project placed BHL's dormant parent into administration, which facilitated the appointment of two independent directors, one of them me, to the board of BHL. The environment was hostile and mistrustful and numerous legal, financial, technical and commercial threats and challenges had to be understood and stabilised before a start could be made on negotiating settlement terms.

Five months into the process, after Amey's parent Ferrovial publicly cut off further support; thereafter, achieving a settlement became a four-month race against time in the face of the (real) threat of Amey's insolvency. It was public knowledge that the UK central government was closely monitoring the situation and had undertaken contingency planning to minimise potential disruption to numerous public services that were in jeopardy.

The value delivered by the independent directors, working closely with numerous legal, financial and technical advisers, was effectively a tripling of the settlement quantum reported by the financial press the previous year, in the summer of 2018. The ability to master a variety of complex issues, coupled with effective stakeholder & transaction management, was essential to a successful outcome.

Post-settlement, as the sole independent director, I provided hands-on leadership to transform BHL from a project entity with no executive resources into an organisation capable of delivering an operational restructuring, in order to re-set the contract. In due course I relinquished my executive responsibilities and stayed on the board as a non-executive, at the request of lenders.

Feb to Mar 2020 – BrightHouse

BrightHouse was a UK Rent To Own retail business serving c.200,000 sub-prime borrowers through 240 stores. The equity had been acquired by bondholders in a 2018 restructuring. Against the backdrop of a difficult relationship with the Financial Conduct Authority (the sector regulator), which impacted considerably upon its margins, the business became the target of historic mis-selling claims that saw material cash leakage, to the detriment of senior creditors. Following the imposition of restrictions to combat COVID-19, which resulted in all the company's stores being closed, the board filed for administration and partners of Grant Thornton were appointed as joint administrators.

Interim CEO

Analysis in late November 2019 showed a very weak prognosis for bondholders. I was brought in by the bondholders in February as the last throw of the dice – and following the resignation of the CEO - to seek a viable alternative to administration. Under my leadership the executive team and advisers rapidly produced alternative forecasts and business plans. However, the plans that avoided formal insolvency required further financial commitments from the bondholders. This was a difficult ask, especially as the regulators' support would only have come two to three months afterwards.

The joint administrators reported that the senior secured creditor, Greensill Finance, had made a full recovery of its c.£35m exposure.

2016 - 2017: Slater and Gordon ('S&G')

S&G was the world's first listed law firm, headquartered in Australia. In a short timescale it made a series of UK acquisitions (£330m revenue; and £315m debt) that proved to be disastrous. The bank lending syndicate supported the incumbent management's turnaround plan, on condition that shortcomings in governance and financial discipline would be remedied.

UK CRO

I led aspects of the lender relationship, which was mainly conducted in Australia, addressing their concerns principally through:

- Strengthening governance, by improving the effectiveness of the UK board
- Enhancing financial discipline, through creating a UK group finance function

- Mentoring the senior executive team to instil a culture of robust planning and rigorous monthly performance reviews

Additionally, I was asked to evaluate the prospects of pursuing a legal claim in relation to a high-profile £637m acquisition. This led to me being appointed to direct litigation strategy, select and oversee advisers and lead parallel settlement negotiations. The first objective, successfully attained within a tight deadline, was to have £50m funds retained in escrow by securing a favourable merits assessment from an independent barrister.

Within six months, it became obvious that incumbent management would be unable to deliver their turnaround plan. To buy the time needed to build fresh forecasts, my scope was expanded to include management of a developing liquidity crisis. I was successful in unlocking material cash (>£20m) from working capital.

The new money need revealed by the forecasts, which could only be raised by swapping debt for equity, led to the lenders selling their debt to a group of hedge funds.

2015: Kenmare Resources plc

A titanium oxide mine in Mozambique with c.€360m of debt

Board Adviser

Engaged to help scope a role for a lender-appointed NED, to support a deteriorating relationship. My recommendations were adopted by the lenders and incorporated into the facility documentation. The lenders were substantially de-levered within 15 months.

2013 - 2014: Marken

€150m sales; €418m debt; and 22 branches on five continents. A global specialist courier owned by 15 lenders, all alternative credit providers executing a loan to own strategy.

CRO & Independent Director

I was engaged in March 2013 after the lenders had taken equity ownership, by enforcing over a share pledge. I had two sets of responsibilities: executive and board.

Within days, I uncovered complex accounting issues, including falsification and executive misconduct. The CFO was suspended and the audit halted. I conducted a rapid diagnostic exercise that enabled the board to explain the discoveries to lenders. Confidence fell dramatically and the debt began trading in the secondary market at sub-50c/€.

I planned a complex remediation project to address issues uncovered by the diagnostic exercise and led implementation over six months, using specialist senior interim finance resources plus forensic accountants and legal advisers. Under cover of lender waivers of misrepresentation, historic accounts were withdrawn and in due course replaced.

In a subsequent phase, I directed the production of credible bottom-up forecasts, which led to preparation of a fresh business plan, amendment of debt service, re-setting of the covenants and completion of the long-delayed audit.

The boardroom environment started out as extremely fractious and worsened as legacy problems came to light, particularly two instances of executive misconduct that had to be investigated.

But over time relationships repaired and board effectiveness increased as the various issues were resolved and the quality and timeliness of management information improved. This enabled me to mentor the senior executives in conducting robust monthly reviews & follow up. Which in turn

provided the basis for enhanced board reporting and led to me re-engineering the board pack, which facilitated stronger governance and the restoration of stakeholder trust.

Throughout, I was successful in maintaining high stakeholder confidence when their trust in the senior team had been extremely weak, by working collaboratively and collegiately with the board observers and the independent chairman. I provided a strong presence at board level and participated robustly in the audit committee, which was delegated responsibility for identifying and resolving the complex and sensitive issues.

By early 2014, the rehabilitation of the company's reputation had enabled the lenders to refresh the board and make changes to the senior team. And in 2016 they recovered c.118c/€ when the business was sold to UPS for €550m.

2012: Restructuring Adviser at Thomas Cook North America

In the context of the (first) restructuring of the group: appointed to develop a plan to retain and turn around the business, as a contingency. In the event, a sale was achieved.

2011 - 12: Restructuring Adviser at the Industrial Chemicals group

In the wake of a failed refinancing process, which had led to a liquidity crisis and potentially to insolvency, helped the owner-managers to repair the lender relationship, create a stable platform, unlock cash from working capital, prepare a turnaround plan and withstand an IBR. Once credit approval for new money had been secured, led the negotiation, documentation and completion of the refinancing.

2010 - 11: iSOFT Group

iSOFT Group Ltd was the ASX-listed parent of a A\$400m-turnover Healthcare IT group, with businesses in 15 countries including the UK and c.£150m of bank debt. Following a crisis in lender confidence, in October 2010 the lenders made available £40m in emergency facilities, as a bridge to a sale.

Deputy CRO & Independent Director

I was engaged as a full-time executive to provide a stable platform for the CRO to lead the sale process. And appointed a director of the UK-domiciled borrower entity.

At the outset lender confidence and expectations were very low, because the company's advisers were forecasting that the £40m emergency facilities would be exhausted within three months. The cornerstone of my mandate was to ensure that the company (1) didn't run out of cash and (2) minimised drawings on the emergency facilities.

Following rapid diagnosis I created, effectively, an internal bank that would enable cash to be unlocked from working capital in the subsidiaries and concentrated in the centre. To implement this solution, I was given responsibility for critical group finance functions and I strengthened key resources, in particular treasury operations. In parallel I instituted robust governance in the borrower entity, which housed material head office, advisory and finance costs, and strengthened discipline.

Through these actions, I was successful in establishing a stable platform for the CRO to sell the business to its largest customer and maintaining lender confidence in that strategy. At completion, in July 2011, £12m of the emergency facility remained undrawn and the sale proceeds were

sufficient to fund full repayment of both the original and the emergency senior facilities (thereby significantly exceeding the initial expectations of the lenders).

Junior lenders were also repaid in full and ordinary shareholders received a >200% premium.

2008 - 10: British Credit Trust ('BCT')

BCT was a PE-owned subprime UK car finance business with >£300m of performing receivables, c.60,000 customers and three bilateral structured funding facilities totalling £315m. The onset of the global financial crisis triggered a restructuring, as the lenders sought to de-lever their own balance sheets

Interim CFO, CRO & Independent Director

Appointed initially as interim CFO. Elevated to CRO at the onset of the global financial crisis. Steered the board through the initial crisis, deep in the insolvency zone, managing shareholder and lender relationships with the support of advisers. Robustly managed liquidity, to provide the company a cash cushion that kept the directors and the lenders comfortable.

After creating stability, successfully led the company through a challenging financial restructuring process. Provided the board with guidance on restructuring strategy and tactics. Negotiated amendments to / restatements of the complex bilateral debt facilities and revised covenants with lenders. Directed documentation of the amended facilities: an intense and complex nine-week process that involved six City law firms.

In parallel, led a strengthening of the finance team and its capabilities, particularly treasury reporting.

The business survived the restructuring and in due course all of its lenders were repaid in full.

VOLUNTARY EXPERIENCE

2014 - 2015: NED at the Institute for Turnaround (IFT)

I was elected to the board by independent members concerned about the direction that their professional body had been taken in. I participated in the board's review of strategy, governance and finances, which led to the constitution and leadership being refreshed.

EARLIER CAREER

2006 - 2008: CEO of Bright Asset, a niche consultancy that originated distressed debt transactions

1986 - 2005: Interim CFO & CEO, turnaround & troubleshooting assignments in the UK & Africa

1980 - 1986: Audit manager & management consultant, PwC legacy firms in southern Africa

SECTORS

PFI / infrastructure, mining, law firms, personal injury claims, global logistics, not-for-profit, travel, chemicals, manufacturing, healthcare, IT, financial services, hotels, food, leisure, media, engineering, global labour supply, professional services, home improvements, distribution, automotive, fulfilment

PROFESSIONAL EDUCATION, QUALIFICATIONS & AFFILIATIONS

- Accountancy degree (Honours) from the University of South Africa
- Chartered Accountant, South Africa (first-time pass, 1985)
- Founder member of the London Restructuring Network